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**KEFI Minerals plc
("KEFI" or the "Company")**

Tulu Kapi Update Following Site Visit of Project Financiers

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to report an update on Tulu Kapi Gold Project ("the Project") provided to project financiers during their site visits this week to the Project. These visits follow far-reaching Government actions recently.

Key points made during the site briefings include the following:

- **Strong collaboration with and commitment from all levels of the Ethiopian Government:**
 - Recent Government actions are assisting domestic stability and improving governance whilst maintaining Ethiopia's position as one of the world's top 10 growth countries. Government actions over recent weeks indicate an even stronger resolve to proceed with Project development as soon as possible. The Prime Ministerial Committee established to fast-track the Project has reinforced its commitment to and collaboration with KEFI.
 - The Shareholders' Agreement for the Government's partnership with KEFI has now been passed to the relevant Ministry for final review and execution.
 - The Company has re-confirmed with the Government's legal office the calculations for determining the resettlement compensation in accordance with Ethiopian law. KEFI will not only comply with Ethiopian law but will also provide additional benefits in accordance with the Equator Principles and World Bank (IFC) principles.
 - The Government has also encouraged KEFI to plan an ambitious exploration program in the district around Tulu Kapi and elsewhere in Ethiopia. Targets have been identified for both satellite gold deposits and stand-alone development projects.

- **Advancing operational preparations**
 - Mining contractor Ausdrill/African Mining Services, has confirmed mining fleet specifications and is finalising reviews of detailed contract specifications.
 - The proposed mining method and equipment specification are considered straightforward and technically sound by the lenders' independent technical expert. Under the draft mining contract specifications, only c. 5% of the total material movement is categorized as "selective" ore and waste mining, indicating standardised mining methods.
 - Processing plant contractor Lycopodium, is finalising reviews of detailed contract specifications for its fixed-price lump-sum construction and commissioning contract.

- **Preserving debt finance alternatives**
 - Potential mining-specialist lenders are engaging to potentially participate alongside the Development Bank of Ethiopia and the other non-specialist banks interested in co-lending.
 - Debt drawdown is still targeted for H1-17. This period will coincide with the expected conclusion of the far-reaching administrative improvements by the Government (see Background comments below). In the meantime, KEFI will preserve some flexibility with regards to project finance composition in order to protect shareholders' interests.

- **Optimising equity and mezzanine finance at project and parent-company levels:**
 - Project-level: The Government has welcomed KEFI's invitation to increase its equity above the \$20m committed to date and the discussion will be concluded upon the new

- Government Ministry settling in. Other parties are also engaging for potential project-level participation
- Parent-level: KEFI has completed its first institutional roadshow, with meetings in several global centres for mine finance and the results indicate wide-ranging interest in mezzanine and equity finance when completion is triggered.

A site visit presentation outlining the Company’s development plans and strong exploration pipeline in the Arabian-Nubian Shield has been uploaded to the company website (www.kefi-minerals.com).

KEFI’s Executive Chairman, Mr Harry Anagnostaras-Adams, said: “The Tulu Kapi Gold Project ranks high as national priority within Ethiopia’s Growth and Transformation Plan and we are delighted to have the strong support of the community in addition to the support from the Government at all levels. KEFI continues to carefully advance the development and financing plans for production in 2018 and recent Government changes in Ethiopia have reinforced mutual commitment to the Project.”

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Further information can be viewed on KEFI’s website at www.kefi-minerals.com

NOTES TO EDITOR

KEFI Minerals plc

KEFI is the operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.93Moz (100% of Tulu Kapi's 1.72Moz and 40% of Jibal Qutman's 0.73Moz) gold Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI targets that production at these projects generates cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

KEFI Minerals in Ethiopia

Background to Recent Events in Ethiopia:

- Addis Ababa, the capital of the Federal Republic of Ethiopia, is the base for the African Union – the continental union consisting of the 54 countries of Africa. It also serves as a major United Nations centre, including the base for the Economic Commission for Africa.
- The Government takes strident steps to maintain a stable, growing environment with a view to attracting capital. Ethiopia has maintained GDP growth of 7-10% pa for the past 15 years, during which time it has also significantly improved social services and infrastructure. For example, it has reduced child mortality by 28% (children under 5 years) and has built more than 30 universities.
- In early October 2016, a State of Emergency was declared to tighten civil controls after a flare-up of civil unrest following the death of over 50 people in a crowd stampede at a cultural event. Over the past month, the situation has been calm. Meanwhile, the Government has implemented broad-ranging administrative changes to demonstrate its commitment to improving governance and to preserving economic growth.
- Administrative changes during the past month include replacement of most Federal Government Ministers last week and the replacement of leadership in the Oromia Regional Government two weeks earlier. Changes are also occurring at lower levels of the administration.
- Consultations by the Company with the diplomatic community (Ethiopia has over 100 embassies), indicates that there is recognition of Ethiopian efforts to responsibly manage the strains of its high growth and increasing democratisation as the country implements its Growth and Transformation Plan.

The Tulu Kapi Project:

The Tulu Kapi gold project in western Ethiopia is being rapidly progressed towards development, following a grant of a Mining Licence in April 2015.

Following completion of KEFI's Definitive Feasibility Study for Tulu Kapi, the Company is now refining contractual terms for project construction and operation. Latest estimates for annual gold production are c. 100,000oz pa for a 10-year period and All-in Sustaining Costs (including operating, sustaining capital and closure) of approximately US\$766/oz to US\$787/oz at a gold price range of US\$1,200/oz to US\$1,500/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The first eight production years of the open pit are estimated to yield an average of 115,000oz pa.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) and subjected to reviews by appropriate independent experts. These plans now also reflect the agreed construction and operating terms with project contractors, and have been independently reviewed by experts appointed for the project finance syndicate.

A Preliminary Economic Assessment has been published that indicates the economic attractiveness of mining the underground deposit adjacent to the Tulu Kapi open pit, after the start-up of the open pit and after positive cash flows have begun to repay project debts.

At a gold price of US\$1,350/oz, the projected cash flows indicate a cash build-up in the first three production years of US\$191 million, which would be sufficient to repay all project debts, fund the development of the underground mine and commence paying dividends to shareholders.

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed G&M in Saudi Arabia with local Saudi partner, Abdul Rahman Saad Al-Rashid & Sons Company Limited (“ARTAR”), to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 40% interest in G&M and is the operating partner. To date, G&M has conducted preliminary regional reconnaissance and has had five exploration licences (“ELs”) granted, including Jibal Qutman and the more recently granted Hawiah EL that contains over 6km strike length of outcropping gossans developed on altered and mineralised rocks with all the hallmarks of a copper-gold-zinc VHMS deposit.

At Jibal Qutman, G&M’s flagship project, Mineral Resources are estimated to total 28.4Mt at 0.80g/t gold for 733,045 contained ounces. The shallow oxide portion of this resource is being evaluated as a low capital expenditure heap-leach mine development.

ARTAR, on behalf of G&M, holds over EL applications that cover an area of over 1,000km². ELs are renewable for up to three years and bestow the exclusive right to explore and to obtain a 30-year exploitation (mining) lease within the area.

The Kingdom of Saudi Arabia has instituted, and is further overhauling, policies to encourage minerals exploration and development, and KEFI Minerals supports this priority by serving as the technical partner within G&M. ARTAR also serves this government policy as the major partner in G&M, which is one of the early movers in the modern resurgence of the Kingdom’s minerals sector.